



# Louisiana Housing Finance Agency

The following resolution was offered by Commissioner Neal P. Miller and seconded by Commissioner Donald B. Vallee:

## RESOLUTION

**A resolution authorizing the Louisiana Housing Finance Agency (the "Agency") to increase the revolving fund established for advances on construction costs to non-profit grantees of the Non-Profit Rebuilding Pilot Program ("NRPP") from three hundred thousand dollars (\$300,000) to five hundred thousand dollars (\$500,000), and to increase the percentage of construction costs that can be advanced from fifteen percent (15%) to fifty percent (50%), and providing for other matters in connection therewith.**

**WHEREAS**, the Louisiana Housing Finance Agency (the "Agency"), on October 14, 2009, approved a resolution authorizing the Agency to administer twenty-four million dollars (\$24,000,000) in Community Development Block Grant ("CDBG") funds for the Non-Profit Rebuilding Pilot Program ("NRPP") on behalf of the State of Louisiana Office of Community Development Disaster Recovery Unit ("OCD-DRU"); and

**WHEREAS**, in an effort to assist non-profit grantees of the NRPP during the construction phase of the program, the Agency established a revolving fund of three hundred thousand dollars (\$300,000), set aside from the Agency's general fund, for the purpose of making advance payments of up to fifteen percent (15%) of the construction costs for each home that is ready to begin construction; and

**WHEREAS**, in response to additional requests from the non-profit grantees to assist with cash flow during the construction phase of the program, it has been determined that an increase in the percentage of advance payments would provide additional resources needed to complete the construction work to be performed (see "January 11, 2011 memo from Paul Rainwater to Milton J. Bailey re: letter from United Way for the Greater New Orleans Area", attached as **Exhibit A**; see also "January 21, 2011 memo from Milton J. Bailey to Paul Rainwater re: Comments and Suggestions concerning letter from United Way for the Greater New Orleans Area", attached as **Exhibit B**"); and

**WHEREAS**, increasing the percentage of advanced payments would require additional funds to be set aside to ensure that adequate funds are available to satisfy all requests for advance payments on construction costs.

**NOW THEREFORE BE IT RESOLVED** by the Board of Commissioners (the “Board”) of the Louisiana Housing Finance Agency acting as the governing authority of said Agency, that:

**SECTION 1.** The Agency is hereby authorized to increase the percentage of advance payments that can be requested by non-profit grantees of the NRPP to up to fifty percent (50%) of the construction costs for each home that is ready to begin the construction phase of the program.

**SECTION 2.** The Agency is also hereby authorized to increase the revolving fund, set aside from the Agency’s general fund, for payment of advances on construction costs for non-profit grantees of the NRPP to five hundred thousand dollars (\$500,000).

**SECTION 3.** The Agency's staff and counsel are authorized, empowered and directed to create, change, amend, and revise any existing documents and/or commitments to implement the terms and provisions of this resolution.

**SECTION 4.** The Chairman, Vice Chairman, President, Vice President, and/or Secretary of the Agency be hereby authorized, empowered, and directed to execute any such documents and agreements as may be necessary to implement the terms and provisions of this resolution.

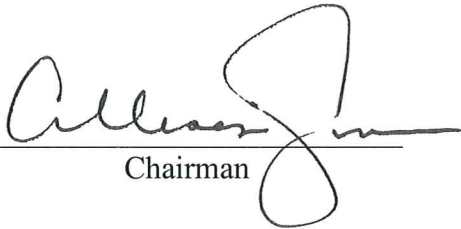
This motion having been submitted to a vote, the vote thereon was as follows:

**YEAS:** Allison A. Jones, Guy T. Williams, Michael L. Airhart,  
Katie Anderson, Adena R. Boris, Jerome Boykin, Sr.,  
Mayson H. Foster, Neal P. Miller, Frank H. Thaxton, III,  
Donald B. Vallee, Elsenia Young

**NAYS:** N/A

**ABSENT:** John N. Kennedy, Joseph M. Scontrino, III

And the motion was declared adopted on this, the 11<sup>th</sup> day of May, 2011.

  
Chairman


  
Secretary

**STATE OF LOUISIANA**

**PARISH OF EAST BATON ROUGE**

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing three (3) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on May 11, 2011, entitled: "A resolution authorizing the Louisiana Housing Finance Agency (the "Agency") to increase the revolving fund established for advances on construction costs to non-profit grantees of the Non-Profit Rebuilding Pilot Program ("NRPP") from three hundred thousand dollars (\$300,000) to five hundred thousand dollars (\$500,000), and to increase the percentage of construction costs that can be advanced from fifteen percent (15%) to fifty percent (50%), and providing for other matters in connection therewith."

**IN FAITH WHEREOF**, witness my official signature and the impress of the official seal of the Agency on this, the 11<sup>th</sup> day of May 2011.

  
Secretary

(SEAL)



# **Louisiana Housing Finance Agency**

## **MEMORANDUM**

**TO:** Paul Rainwater, Commissioner  
Division of Administration

**FROM:** Milton J. Bailey, President  
Louisiana Housing Finance Agency

**DATE:** January 21, 2011

**RE:** Reference ID: 1294678087032  
Letter from United Way for the Greater New Orleans Area Concerning  
Non-Profit Rebuilding Pilot Program

Please allow this memorandum to serve as a response to your request for comments and recommendations from Louisiana Housing Finance Agency ("LHFA" or "Agency") regarding the correspondence you recently received from United Way for the Greater New Orleans Area ("United Way") concerning its participation in the Non-Profit Rebuilding Pilot Program ("NRPP"). The NRPP utilizes Community Development Block Grant (CDBG) funding to repair and rehabilitate owner-occupied homes for families and individuals impacted by Hurricane Katrina and/or Hurricane Rita, provided to LHFA through a Cooperative Endeavor Agreement ("CEA") with the Office of Community Development Disaster Recovery Unit ("OCD-DRU"). The program is designed to support the innovative work of non-profit organizations in assisting low and moderate income homeowners that continue to have a gap in financial means to rehabilitate or reconstruct their homes.

Specifically, United Way has addressed what LHFA considers to be three (3) distinct issues related to the funding of each non-profit organization that received an award under the NRPP and how that funding is administered. Provided below is a summary of each of the issues raised by United Way and LHFA's comments and recommendations in response to each request.

<b>United Way Issue # 1:</b>	<b>Request for additional administrative funds for United Way and other non-profits participating in the NRPP to cover the extended grant period.</b>
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### **Comments:**

There are two separate pools of funds that have been made available for the purpose of implementing the NRPP. The first is a \$20 million pool of funds that is designated to serve homeowners in Orleans, Jefferson, St. Tammany, Washington, Calcasieu, and Cameron Parishes.

An additional \$4 million pool of funds has been designated to serve homeowners in Plaquemines Parish. Both sources of funding allow for an administrative allocation of the funds to each non-profit of up to 5% of the total grant amount awarded to the non-profit. While the program was initially expected to be completed by December 31, 2010, the term of the non-profit grant agreements has been extended through June 30, 2011, which also coincides with the present termination date of the CEA entered into between LHFA and OCD-DRU. Despite the extension of the duration of the program, there are presently no additional funds in either of the funding pools that can be made available to the non-profit organizations to increase their total administrative allocations. In addition, LHFA does not have any other resources that can be used to allow for the requested increase in administrative dollars to the non-profits organizations.

**Recommendation:** Deny the request for a provision of additional administrative funds for United Way and other non-profits participating in the NRPP to cover the extended grant period, and suggest that the non-profits consider ways to decrease their current administrative costs to account for the extension of the program's duration.

<b>United Way Issue # 2:</b>	<b>Provide for an advancement of grant funds to the non-profits for the administration of the NRPP.</b>
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**Comments:**

It is LHFA's understanding that the current financial procedures and policies OCD-DRU do not allow for the advancement of the funds made available to the non-profits under the NRPP. Instead, the grant awards are to be administered on a reimbursement basis.

In effort to address the concerns of the non-profit organizations regarding the ability to have funds advanced, LHFA has allowed the non-profit organizations to request advances of up to 15% of the total construction costs for each home that is ready to begin with the construction phase of the program. These advanced funds can be requested by the non-profit organization prior to closing on the forgivable deferred loan for the construction costs, and is paid to the non-profit organization after the issuance of a Notice to Proceed with the construction work. Once expenditures have been documented by the non-profits, LHFA then submits a requisition to OCD-DRU for reimbursement of these funds.

Additionally, LHFA has allowed the non-profits to request that the cost of builder's risk insurance required during the construction phase be paid for them at closing. LHFA set aside \$300,000 from its general fund to serve as a "revolving" source of dollars to be used for these purposes. To date, however, very few of the non-profit organizations have elected to take advantage of these resources that have been made available to them. LHFA wants to encourage the non-profits to utilize the existing tools already in place. If non-profits use these tools, then

they have access to additional advance incentives that would not normally be allowed under this type of program.

**Recommendation #1:**            **Compel the non-profit organizations to take advantage of the tools already in place to allow them to receive advance payments on certain costs associated with the implementation of the NRPP.**

**Recommendation #2:**        **Alternatively, LHFA proposes to establish a construction payment advance beyond 15% and allow the non-profits to request a construction payment advance of up to 50% for applicants who are ready to proceed to loan closing, on a tier payment plan, if the following conditions are met:**

- **Provide a Work Production Schedule**, per house, to include construction start date, construction completion date, and total cost of construction;
- **Provide a List of general contractors and/or sub-contractor** that will work on the house;
- **Provide Current Financial Statements for the Organization**

If work schedules submitted indicate that construction can be completed within 30 days of closing, up to 50% per house can be advanced.

If work schedules submitted indicate that construction can be completed within 45 days of closing, up to 35 % per house can be advanced.

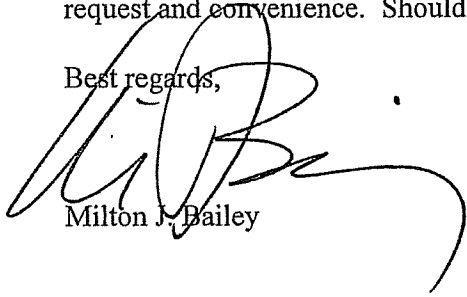
Construction payment advances under this option would be advanced based on the funding available through the \$300,000 general funding pool from LHFA.

<b>United Way Issue # 3:</b>	<b>Allow for the payment of interest accrued on a line of credit secured by the non-profits that would allow them the ability to have a cash flow available for use during the construction phase.</b>
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**Comments:**

It is LHFA's understanding that the current OCD-DRU financial procedures and policies do not allow for interest payments on a line of credit that may be secured by a non-profit. Therefore, we do not have any recommendation to make the payment of interest accrued on a line of credit. LHFA looks forward to receiving your feedback regarding the comments and recommendations made herein, and will make ourselves available to discuss these or other options with you at your request and convenience. Should you have any questions, please do not hesitate to let us know.

Best regards,



Milton J. Bailey





ROUTING SLIP  
DIVISION OF ADMINISTRATION  
COMMISSIONER, DEPUTY COMMISSIONER,  
OTHER EXECUTIVE STAFF

TO: Milton J. Bailey

DATE: 01/11/2011

DEPT: Louisiana Housing Finance Agency

Reference ID: 1294678087032

From: Paul Rainwater

Action Requested:  
Comments and Recommendations,

Deadline for Response:

Notes:  
Commissioner Rainwater has no problem advancing them the money if it is appropriate.

RECEIVED

JAN 13 2011

LOUISIANA HOUSING  
FINANCE AGENCY

# LIVE UNITED

United Way for the  
Greater New Orleans Area  
2535 Canal Street  
New Orleans, LA 70119  
tel 504.822.5540  
www.unitedwaynola.org

1294678087032-SPM  
2011 JAN 10 AM 8:07



December 20, 2010

Paul Rainwater  
Commissioner of Administration  
Division of Administration  
1201 N. Third Street, Suite 7-210  
Baton Rouge, LA 70802

Dear Paul,

We are currently working two reimbursable LHFA Non-profit Rebuilding Grants. The first, covers Jefferson and Orleans Parishes for \$3,141,183.02, of which \$2,552,003.02 is our "Construction & Materials" portion of this grant. Our second LHFA grant is \$1,852,169.90 for Plaquemines of which \$1,518,976.40 is our "Constructions & Materials" budgeted amount.

As you are aware these are both pilot programs and we have encountered many obstacles to getting these grant programs started and homes rebuilt. The latest obstacle is the loss of data the City of New Orleans Mortgage Conveyance Office has experienced. This has held up the closings of additional rebuilding clients in Orleans since clear title cannot currently be obtained. We have been informed that these grants will be extended so the obligations can be met.

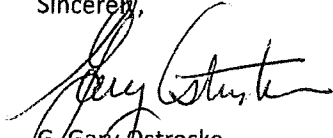
We are seeking your help with two issues we are encountering with these grants. Our first issue is to provide us and all of the other non-profits who have received these grants with additional administrative dollars to cover the grant extension time period. We have additional direct expenses associated with these grants such as A133 Audit cost and a grant accountant that are administrative in nature and we cannot afford to absorb in our operating budget.

Secondly, we are asking for the state to provide us with an advancement of funds to administer these grants. You can see from the two attached spreadsheets that we currently have \$196,841.95 waiting to be reimbursed to us by the state. It has been our experience that it takes anywhere from 60-90 days for the state to reimburse us. We have also recently learned LHFA will not reimburse us our "Construction & Materials" portion of these grants with just an invoice from our sub contractor/agency. We must first reimburse our sub contractor/agency with our UWGNOA dollars then we can submit to the state for reimbursement. Our total "Construction & Materials" budget for these two grants is \$4,070,979.42. My best estimate is we can have anywhere from \$1 - \$2 million dollars of our financial resources tied up in these grants. We cannot afford to advance these funds without causing a serious cash flow problem for our United Way.

We have explored the possibility of applying for a line credit, but it is my understanding that the interest expense we would incur would not be reimbursable from these grants due to federal regulations. Even with a 2% interest rate on \$1 million this would amount to \$20,000 of interest expense for 1 year.

I am available to further discuss these issues with you at your convenience in the hopes that we can find some amicable solution for everyone.

Sincerely,



G Gary Ostroske  
President

cc: President Billy Nungesser  
Mayor Mitch Landrieu  
President John Young

LHFA Receivables- \$3,141,183.02--Jefferson/Orleans						
Agency	Submission Period	Total	Date Sent to LHFA	Reimb. from LHFA		Amount not Reimbursed
				Payment Amount	Date of Deposit	Total Reimbursement
UWGNDA	12/01/09-12/31/09	\$ 1,934.51	2/12/2010	\$ 1,934.51	5/21/2010	\$ 1,934.51
UWGNDA	02/01/10-02/28/10	\$ 70.42	3/23/2010	\$ 70.42	5/21/2010	\$ 70.42
UWGNDA	01/01/10-03/31/10	\$ 1,664.49	3/26/2010	\$ 1,664.49	7/21/2010	\$ 1,664.49
UWGNDA	12/09-03/31/10	\$ 28,957.67	4/18/2010	\$ 28,957.67	8/16/2010	\$ 28,957.67
NHS	01/01/10-02/23/10	\$ 3,400.00	6/4/2010	\$ 3,400.00	7/21/2010	\$ 3,400.00
UWGNDA	01/01/01-03/31/10	\$ 386.80	6/4/2010	\$ 386.75	7/21/2010	\$ 386.75
UWGNDA	05/01/01-10-05/31/10	\$ 961.58	6/10/2010	\$ 961.58	7/21/2010	\$ 961.58
UWGNDA	06/01/10-06/30/10	\$ 32.10	7/14/2010	\$ 32.10	9/23/2010	\$ 32.10
UWGNDA	01/01/10-03/31/10	\$ 44,297.10	4/18/2010	\$ 44,297.10	8/16/2010	\$ 44,927.10
UWGNDA	04/01/10-04/30/10	\$ 147.77	6/22/2010	\$ 147.77	7/21/2010	\$ 147.77
UWGNDA	06/01/10-06/30/10	\$ 72.58	7/15/2010	\$ 72.58	9/23/2010	\$ 72.58
UWGNDA	04/01-04/30/10	\$ 12,890.60	8/27/2010	\$ 12,890.60	10/22/2010	\$ 12,260.60
UWGNDA	04/01-04/30/10	\$ 8,399.78	8/27/2010	\$ 8,399.78	10/22/2010	\$ 8,399.78
UWGNDA	05/01-05/31/10	\$ 13,050.03	9/29/2010			
UWGNDA	05/01-05/31/10	\$ 7,858.63	9/29/2010			
UWGNDA	06/01-06/30/10	\$ 8,662.47	9/29/2010			
UWGNDA	06/01-06/30/10	\$ 7,015.36	9/29/2010			
NHS	04/01/10-04/30/10	\$ 1,600.00	9/14/2010	\$ 1,600.00	11/15/2010	\$ 1,600.00
UWGNDA	07/10-08/10	\$ 8,442.12	9/14/2010	\$ 117.92	11/15/2010	\$ 117.92
UWGNDA	07/10-08/10	\$ 350.43	9/15/2010	\$ 350.43	11/15/2010	\$ 350.43
UWGNDA	07/01-07/31/10	\$ 6,187.59	9/27/2010			
UWGNDA	08/01/10-08/31/10	\$ 14,249.68	9/27/2010			
Global Green	01/10/04/10	\$ 11,349.42	11/9/2010			
UWGNDA	9/10/2010	\$ 7,883.81	11/9/2010			
UWGNDA	9/10/2010	\$ 5,382.49	11/9/2010			
UWGNDA	10/1/2010	\$ 7,599.38	12/7/2010			
UWGNDA	10/1/2010	\$ 78.88	12/7/2010			
Sulzer	08/10-10/10	\$ 5,064.49	12/7/2010			
UWGNDA	7/14/2010	\$ 37,530.00	12/7/2010			
NHS	08/10-10/31/10	\$ 3.00	12/7/2010			
Global Green	08/10-10/31/10	\$ 2,400.00	12/7/2010			
		\$ 12,848.06	12/7/2010			
Submission Total		\$ 263,367.46		105,283.70	\$ 105,280.70	\$ 3.15
UWGNDA	12/01/09-12/31/09	\$ 4.56	2/12/2010			
UWGNDA	01/10/10-01/31/10	\$ 41.52				
UWGNDA	02/01/10-02/28/10	\$ 78.92				
UWGNDA		\$ -				
As of 03/31/2010		\$ -				
Total Earned		\$ 263,367.46				
Total Reimbursed		\$ 105,280.70				
Net Receivable		\$ 158,086.76				

LHFA Receivables- \$ 1,852,169.90-Plaquemines

Agency	Submission Period	Submission Date	Total	Date Sent to LHFA	Reimb. from LHFA		Total Reimbursement	Amount not Reimbursed
					Payment Amount	Date of Deposit		
FRNO	May 2010 - July 2010	9/22/2010	\$ 6,279.14	9/22/2010	\$ 6,279.14	11/19/2010	\$ 6,279.14	
UWGNNOA	May 16-31, 2010	10/27/2010	\$ 2,967.98	10/27/2010				
UWGNNOA	May 16-31, 2010	10/29/2010	\$ 293.16	10/29/2010				
UWGNNOA	June 2010	11/9/2010	\$ 1,359.73	11/9/2010				
UWGNNOA	June 2010	11/9/2010	\$ 5,645.63	11/9/2010				
UWGNNOA	July 2010	11/9/2010	\$ 1,189.13	11/9/2010				
UWGNNOA	July 2010	11/9/2010	\$ 6,787.98	11/9/2010				
UWGNNOA	August 2010	11/9/2010	\$ 5,734.17	11/9/2010				
UWGNNOA	August 2010	11/9/2010	\$ 692.14	11/9/2010				
UWGNNOA	September 2010	11/9/2010	\$ 5,420.60	11/9/2010				
UWGNNOA	September 2010	11/9/2010	\$ 1,620.25	11/9/2010				
UWGNNOA	October-10	12/1/2010	\$ 1,735.20	12/1/2010				
UWGNNOA	October-10	12/1/2010	\$ 5,309.22	12/1/2010				

\$ 45,034.33 \$ 6,279.14 \$ 6,279.14 \$ -

As of 10/31/2010  
 Total Earned \$ 45,034.33  
 Total Reimbursed \$ 6,279.14  
 Net Receivable \$ 38,755.19